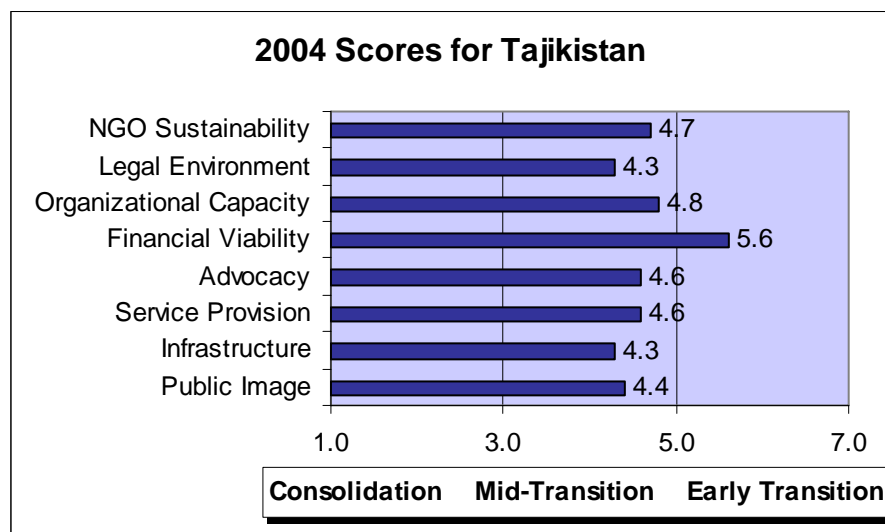
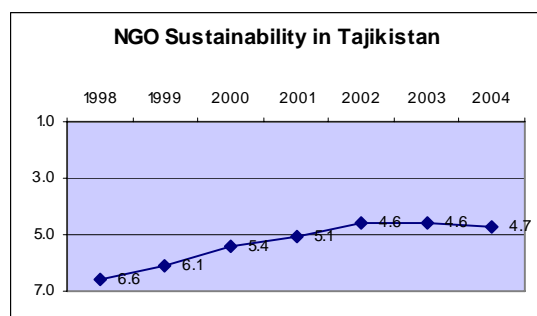

TAJIKISTAN

**Capital:** Dushanbe**Polity:** Republic**Population:**
7,011,000**GDP per capita
(PPP):** \$1,000**NGO SUSTAINABILITY: 4.7**

Both the NGO sector and legal framework governing it continued to develop in 2004. The number of NGOs continued to increase, especially in rural areas such as the mountainous regions and border districts. Approximately 1,500 NGOs are currently registered with the Ministry of Justice, 400 of which are active. NGOs have greater access to information systems and have improved communication networks. Although access is still limited, greater information and communication has provided NGOs with more opportunities to participate in training

programs, to access donor project information, and to submit timely proposals for grants.

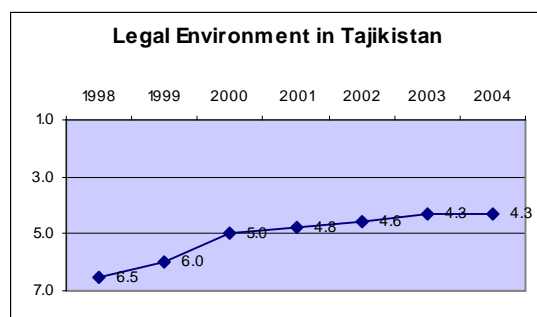
The social, political and economic developments in Tajikistan have led the large and diverse NGO community to segregate into distinct sectors according to their missions. This development has also been the result of the ability of NGOs to monitor current social issues, design and implement programs, and maintain a dialogue with donors, constituents, and local authorities. These characteristics have been most evident when the country and donor community respond to emergency or high priority events. Examples include the upcoming Parliamentary elections and the increasing rates of infectious diseases, which have drawn donors' attention to community development. NGOs have been more efficient and strengthened their ability to

work at the community level and to reach out to the public.

Over the past year, NGOs have demonstrated greater maturity, a firm commitment to their ideals, and an ability to mobilize strong intellectual resources to achieve their ends. However, the efficiency and effectiveness of the sector was negatively affected by widespread

corruption within the local governments, as well as the incompetence of many local officials and their unwillingness to commit resources to or permit activities outside the scope of government-approved work. Even though top government officials welcome and encourage social partnership, these limitations at the local levels limit collaboration.

LEGAL ENVIRONMENT: 4.3



The NGO legal environment has not changed significantly over the past year. The registration process remains fairly simple, but is in need of further reform. The NGO sector is also still in need of qualified legal assistance and as reported last year, organizations face harassment from tax authorities and other officials. The tax laws concerning NGOs have not changed and still do not offer the benefits and incentives necessary to promote philanthropy.

Although the law still requires an NGO to re-register if it changes its legal address or any other data in its charter, the registration process remains fairly simple. An organization is generally able to register in two days, but there are cases in which applications have been ignored for weeks or months. The Civil Society Support Centers (CSSC) help to expedite

the process by providing NGOs with assistance in drafting the required registration documents.

The law permits only those organizations registered as Foundations to engage in micro-finance activities.

Access to qualified legal assistance remains insufficient to meet the growing needs of the NGO sector. New laws, regulations, and instructions, as well as a shortage of lawyers trained in NGO law, have increased the demand, especially among grassroots organizations. NGOs and government officials often do not understand the rights and obligations set forth in Tajik law. For example, provisions in the law prohibit unjustified interference with NGO activities by government authorities, although NGOs are continually subjected to such interference. Organizations, especially in the rural areas, generally lack access to legal information and the justice system. In the Sughd Region, NGOs are inspected by local tax authorities, per instructions from the regional tax inspector. In the Rasht Valley of the autonomous region of Badakstan, inspections by the Ministry of Justice, although not permitted, have become a regular practice. As local and

national government officials are often corrupt and ignore the law, development of local legal capacity has become valuable for advising and protecting grassroots organizations. Some law schools have developed courses in NGO law to train lawyers in NGO issues. However, more training and information programs are needed to build local capacity for protecting organizational interests.

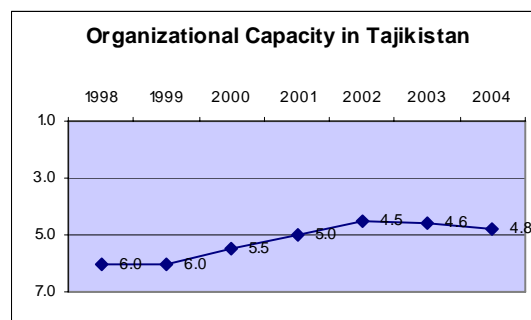
In addition to inspections, local authorities throughout the country request that NGOs provide periodic advance reports on their activities. To overcome impediments such as the lack of understanding within the government, some organizations have made efforts to develop relationships with local officials and inform them of current and planned activities.

NGOs are exempt from paying taxes on grants. However, employees of NGOs must now pay social security tax and the organization, as an employer, must pay a social security tax at a rate of 26% of the total payroll. While this is consistent with practices in many other countries, NGOs have resisted the change as it has increased their tax burdens and has affected the competitiveness of their proposals. NGOs do not have a sufficient understanding of tax issues. For example, few know that part of the social security tax may be used to pay for sick leave. Greater knowledge and compliance with the tax laws are vital, as tax authorities are becoming more efficient and failure to comply may invite further corruption and abuse.

ORGANIZATIONAL CAPACITY: 4.8

The Organizational Capacity dimension declined in the past year. Many NGOs still see their donors as customers and therefore, tailor their programs to donor priorities instead of the needs of an identified constituency. Only the most advanced NGOs operate according to long-term strategies and visions. These organizations often enjoy greater community partnerships, support from the local authorities, and benefit from the current legal environment. The majority of NGOs however, operate under very broad mission statements that allow them to undertake many different activities.

As reported in last years Index, NGOs are often driven by a single charismatic leader. While such organizations generally develop and perform well, they often lose their momentum with losses or changes in leadership.



Many NGOs have permanent key staff such as a director and an accountant, while others are hired on a per-project basis. Organizations frequently lack the institutional mechanisms and internal regulations necessary to manage their staff properly and often fail to provide contracts. NGOs often attract bright and talented people by offering creative work and allowing them to participate in project development. In a majority of NGOs, key staff have a great deal of experience and

education, and combine their research interests with practical application in the field, disseminating the results of their studies and increasing levels of knowledge and skill. NGOs have written and published many analytical works and other publications concerning legislation, economics, education, and other topics.

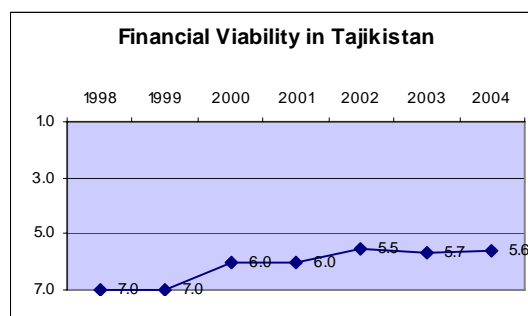
NGOs have gradually increased their use of volunteers to strengthen projects and lower the costs of their services. Volunteerism needs to be developed further, however, if NGOs are to improve their public image and increase the impact of their activities. Overall, the entire

sector would benefit from receiving grants for training programs aimed at institutional capacity building, developing organizational structures, and raising the levels of skill and professionalism.

The vast majority of equipment and internet services used by NGOs are paid for with grant funding, as few organizations have other resources to expend. In some instances, NGOs provide services and in return negotiate discounted or free use of property or telecommunication services.

FINANCIAL VIABILITY: 5.6

Overall, the NGO sector has not developed the capacity to generate sustainable funding sources and most organizations remain heavily dependent upon the donor community. Local philanthropy is still not a significant source of funding for NGOs and is limited by heavy tax burdens and the lack of incentives for potential individual and corporate donors. Local support often involves in-kind donations and other contributions from local authorities and the general public. Generally, local governments do not have the means to offer financial support, although in a few districts, governments have been able to provide local NGOs with small grants. Slow increases in the level of volunteerism are reducing project costs and contributing to the overall financial viability of the sector.



Diversification of funding remains weak and the majority of NGO activities have only a single source of funding. Many organizations collaborate with donors with a presence in-country, while others receive support from those that are otherwise not involved in Tajikistan. Only a few organizations have the funding needed to keep staff on past the expiration of a grant.

As most organizations depend on donor funding, the majority have developed financial management and reporting systems that conform to their donor requirements. NGOs do not publish their

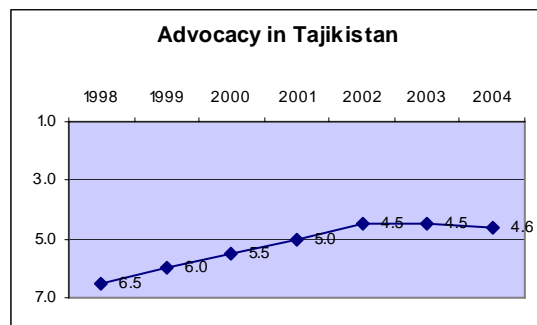
financial reports, fearing unwanted attention from tax authorities.

The NGO sector has yet to be successful in fundraising and securing sustainable funding sources. The business community remains an untapped source of support and the NGO sector needs to increase its efforts to build collaborative and supportive relationships with local businesses. While a few local governments have provided financial support for NGOs, they are still not a significant source of funding. Without greater diversity and sustainability in their fundraising, NGOs will have to develop other mechanisms such as engaging in commercial activities. The NGO sector needs to improve efforts to form coalitions

to better inform the sector and the government of its potential role in society, as well as its needs. Local governments need to begin providing more municipal grants, taking into account the potential for international funding for the NGOs in their jurisdictions.

As mentioned, the existing level of support from the state or local governments is far from sufficient to serve as a source of long-term funding. In addition, NGOs are not permitted to participate in government procurements. A few NGOs have the opportunity to lease out their property or provide small services that allow them to survive between grants.

ADVOCACY: 4.6



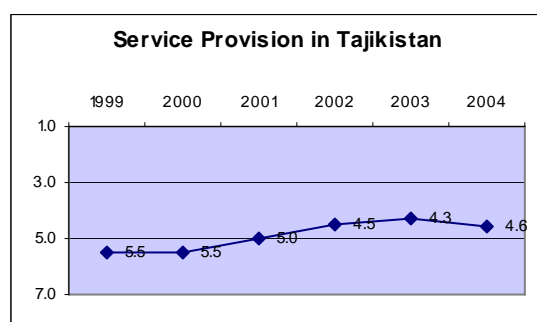
For the most part, NGO advocacy efforts have focused on promoting the sector's own national and local interests. This focus is part of an ongoing effort to inform the government about the role and importance of the NGO sector and to demonstrate that collaboration can benefit all levels of government. As a result, the central and local governments recognize the potential for cooperating with NGOs.

Even though the number of NGOs is small, some local governments acknowledge that NGO contributions to community development are valuable, and support NGO efforts with municipal grants. NGOs have been engaging in Tajik political issues, and some have even participated in discussions of the draft Law on Election of Parliament, resulting in significant legislative reforms. In addition, NGOs continue advocating for a Law on Non-commercial Organizations.

One development in 2004 is a tax reform project to promote greater local philanthropy begun by the NGO sector. Organizations are engaging the business community to promote information about the advantages to philanthropic activities and tax incentives.

SERVICE PROVISION: 4.6

NGO service providers offer a wide range of services in fields such as education, vocational and business training, health, infrastructure and power projects, irrigation networks, community mobilization, and others. Some NGOs also conduct public opinion surveys, operate micro-credit programs, promote environmental protection, and engage in sociological research.



Most NGO service projects are designed around the needs of a specific constituency, and at times prioritize the needs of a vulnerable segment of the population. This approach is contrary to the methods generally adopted by donor

grant programs which prioritize the needs of the general public. The community based approach allows the public to identify its own needs.

NGOs provide many important goods and services to the public, and are often the only providers of certain services. In light of the current economic crisis, NGOs seldom recover their costs, as beneficiaries are rarely able to pay for the services they receive. A number of NGOs resource centers charge a symbolic fee for use of office and communication equipment, but it is seldom sufficient to cover actual costs.

The central government and local authorities generally recognize that NGOs are often able to address issues they lack the resources and personnel to provide. The central government continues to encourage all levels of government to support and cooperate with NGOs, but few include support for NGOs in their budgets or view NGOs as able to implement government programs in the health, education, or other sectors.

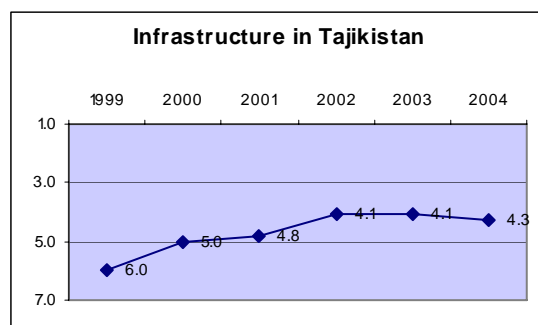
INFRASTRUCTURE: 4.3

The NGO sector has the benefit of a network of seven CSSCs located around the country. These CSSCs offer training programs in all aspects of NGO operation, as well as access to telecommunications, office equipment, and information. It is impossible for CSSCs to recover their operational costs, except when their clients are funded by international donors, or when they sublet space to other organizations and local businesses. The CSSCs remain the only local grant-makers. However, because an

insignificant amount of funding comes from local sources, these CSSCs do little more than re-grant foreign funding.

The NGO sector has a developed number of coalitions around specific issues, such as those in Khatlon that have formed to address micro-financing and youth development. Many of the coalitions that develop around specific issues dissolve at the end of their campaigns. Organizations that work within a coalition generally have healthy relationships and freely exchange

information. The network of CSSCs, however, is the only coalition with a stable system for information exchanges.



A corps of qualified NGO trainers provides various capacity building programs and continuously develops new ones around the needs of specific organizations. Organizations in the regions often employ qualified, experienced trainers from the capital, while the CSSCs and the more advanced NGOs have an experienced staff that

provides training. In 2004, the CSSC in Dushanbe collaborated with fourteen international and local organizations to certify trainers. The trainers were tested and certified at a specific level according to their qualifications and experience.

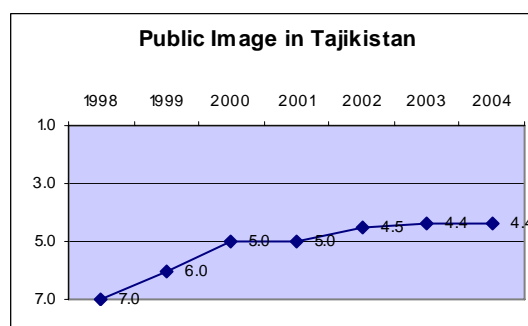
Many NGOs have taken advantage of inter-sectoral partnerships in addressing specific issues, and some continue to cooperate with local authorities and other organizations even after a grant has expired. One example is a group of organizations that is cooperating with political parties, international organizations, and the government to prepare for the 2005 parliamentary elections. Unfortunately, the business community is not generally aware of the potential for such inter-sectoral collaborative efforts.

PUBLIC IMAGE: 4.4

Media coverage of local NGOs is limited by the sector's desire not to engage the government-run media outlets, as well as the lack of interest by the for-profit independent press. In addition, NGOs generally do not have the resources to pay for coverage and journalists have little understanding of the sector.

The public is generally aware of NGOs and their activities in their respective areas, and constituents generally learn about the sector and individual NGOs through projects located in their areas. However, the lack of media coverage has made it difficult for NGOs to inform the general public, beyond an immediate group of beneficiaries, about their work, and despite efforts to disseminate

information through brochures, familiarity with NGOs is limited.



Government authorities generally understand the role and recognize the importance of NGOs in addressing the current social and economic issues. Local authorities are interested in cooperating with NGOs and are prepared to support

projects in their communities. This support is due more to a view of NGOs as a means to access outside funding than as credible sources of information.

CSSCs are trying to disseminate information and promote the image and potential of NGOs among government officials through various forms of cooperation with the media. In some instances, local authorities try to downplay the role of NGOs, and take credit for

successful projects. In extreme cases local authorities see NGOs as a destabilizing component in society.

NGOs are generally not interested in the media spotlight, preferring to operate under the radar of the tax authorities and criminals. However, NGO activities are becoming more visible to the general public, especially those who are working with the more vulnerable populations.